GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2945
ANSWERED ON:07.12.2001
RATING OF INDIA BY CREDIT RATING AGENCIES
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Will the Minister of FINANCE be pleased to state:

(a) whether the International Credit Agency Standard and Poors and Moodys downgraded India`s rating;

(b) if so, the level to which India has been downgraded and the reasons for it; and

(c) the steps the Government is taking to prevent further downgradation by International Credit Rating Agencies?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) : Standard & Poor`s (S&P) on August 7, 2001,affirmed its BB long-term and B short-term foreign currencysovereign credit rating and`A-3`short term local currency sovereign credit on India.The rating agency revised India`slong-term local currency rating to `BBB (minus)`from `BBB`.The outlook on both long-term ratings was revised from stable to negative. S&P vide their press release dated November 20, 2001, has affirmed the above ratings. The outlook remains negative.

Moody`s Investors Service on August 8, 2001,revised the outlook for India`s Credit Rating to stable frompositive for the Ba2 foreign currency country ceiling. The outlook has also been revised to negative from positive for the Ba2 ratings assigned to domestic currency debt.

The above revisions are, inter-alia, based on S&P`s and Moody`sperceptions about public finances and the deceleration in GDP growth.

(d) Government has initiated several measures to improve the fiscal situation of the Centre and States.